<u>INDIVIDUAL ASSIGNMENT</u>: Total:[45]

Due date: Consult work schedule

Length limitation: 6 typed 1½-spaced pages with font size Arial "12". The six pages *include* (any) addendums.

- *Structure* your answers according to the question numbering sequence and sub-number to illustrate the various facts!. *No essays will be allowed!*
- Study the prescribed case study provided (on the eFundi platform/ text book/ or in the comprehensive study guide) and answer all of the following questions:

<u>QUESTION / VRAAG 1</u>: [10]

Choose the one best answer from each of the various options presented to you. Only write down the option that you have chosen / *Kies die een beste antwoord van elk van die verskeie opsies aangebied. Skryf slegs die opsie neer wat jy gekies het.*

(1) A company whose strategy has shady or unethical elements

A) Stands a good chance that its unethical behaviour will go undetected and unnoticed.

B) Is automatically barred by gatekeepers for example the US Securities and Exchange Commission from filing annual reports and having its stock publicly traded.

C) Risks being temporarily embarrassed if its actions are discovered and publicized by the media—but as long as this risk is tolerable, company managers are well advised to pursue whatever unethical or unsavoury actions they believe the company can get away with (especially if such actions enhance company profitability and financial performance).

D) Puts the reputation of the company and its top executives at risk and may even jeopardize the company's long-term well-being and survival, especially if it is required to pay out considerable sums of money to settle punitive lawsuits and compensate customers, employees, shareholders, suppliers, rival companies and any others for the injuries they have suffered.

E) Risks only being required to "cease and desist" if governmental authorities determine that its strategic actions constitute "unfair competition."

(2). Which of the following questions ought to be used to test the merits of one strategy over another and distinguish a winning strategy from a mediocre or losing strategy?

A) Is the company's strategy ethical and socially responsible and does it put enough emphasis on good product quality and good customer service?

B) Is the company putting too little emphasis on growth and profitability and too much emphasis on behaving in an ethical and socially responsible manner?

C) Is the strategy resulting in the development of additional competitive capabilities?

D) Is the strategy helping the company achieve a sustainable competitive advantage and is it resulting in better company performance?

E) Does the strategy strike a good balance between maximizing shareholder wealth and maximizing customer satisfaction?

(3). Company managers connect values to the chosen strategic vision by

A) combining the company's values and mission/business purpose into a single statement.

B) using a values-based balanced scorecard to measure the company's progress in achieving the vision.

C) making achievement of the values a prominent part of the company's strategic objectives.

D) making it clear that company personnel are expected to live up to the values in conducting the company's business and pursuing its strategic vision.

E) making adherence to the company's values the centrepiece of the company's strategy.

(4). A company that pursues and achieves strategic objectives

A) is likely to weaken the achievement of its short-term and long-term financial objectives.

B) believes that the company's financial performance is not as important as it really is.

C) is generally not strongly focused on its true mission of making a profit.

D) is frequently in a better position to improve its future financial performance because of the increased competitiveness that flows from the achievement of strategic objectives.

E) is likely to be a weak financial performer because diverting resources to the pursuit of strategic objectives takes away from the achievement of financial performance targets.

(5). Which of the following is ***not*** among the factors that affect whether competitive rivalry among participating firms is strong, moderate, or weak?

A) Whether the products of rival sellers are strongly or weakly differentiated

B) Whether demand for the industry's product is growing rapidly or slowly

C) The degree to which rivals are satisfied with their current market position

D) Whether industry driving forces are strong or weak

E) Whether industry conditions tempt competitors to use price cuts or other competitive weapons to boost unit sales and whether one or two rivals have particularly powerful strategies

(6). To test whether a particular diversification move has good prospects for creating added shareholder value, corporate strategists should use

A) the profit test, the competitive strength test, the industry attractiveness test, and the capital gains test.

B) the better-off test, the competitive advantage test, the profit expectations test, and the shareholder value test.

C) the barrier to entry test, the competitive advantage test, the growth test, and the stock price effect test.

D) the strategic fit test, the industry attractiveness test, the growth test, the dividend effect test, and the capital gains test.

E) the attractiveness test, the cost of entry test, and the better-off test.

(7). Moral managers

A) Are skeptical about ethics and ethical standards but feel obligated to observe the company code of ethics.

B) See themselves as stewards of ethical behaviour and believe it is important to exercise ethical leadership; they are ethically principled and pursue success within the letter and spirit of what is considered ethical and legal.

C) try to stay within ethical bounds for fear of being caught doing something unethical and having their careers ruined.

D) view what is legal as also ethical.

E) are ethically-principled as long as they see such behaviour being in their own self-interest.

(8). Which of the following is *not* one of the traits of core competencies and/or competitive capabilities?

A) The key to leveraging core competencies into competitive advantage is concentrating sufficient effort and talent on deepening and strengthening them that the firm achieves dominating depth and gains the capability to outperform rivals by a meaningful margin.

B) Core competencies have to be tweaked and adjusted to keep them fresh and responsive to changing customer needs and market conditions.

C) Core competencies typically are lodged in the combined efforts of different work groups and departments.

D) Core competencies generally grow out of company efforts to master a strategy-critical technology or to invent and patent a valuable technology.

E) Core competencies tend to emerge gradually rather than blossoming quickly.

(9). Visible actions to reallocate operating funds and move people into different organizational units

A) can be dysfunctional in trying to implement a new strategy because of the anxiety and insecurity that big changes in budgets cause among company personnel.

B) Signal a determined commitment to strategic change and can help catalyse and give credibility to the implementation process.

C) run the risk of inadvertently creating barriers to building the needed competencies and capabilities.

D) tend to impede the task of empowering employees and shifting to new, more strategy-supportive culture.

E) are rarely necessary in implementing a new strategy unless the new strategy entails a radically different set of value chain activities.

(10). The hallmarks of a high performance corporate culture include

A) frequently revised and updated values and ethics statements, a deep commitment to employee training, and unusually attractive fringe benefit packages for company personnel.

B) a “can-do” spirit, pride in doing things right, no-excuses accountability, and a pervasive results-oriented work climate where people go the extra mile to meet or beat stretch objectives.

C) a balanced scorecard approach to measuring performance, strong emphasis on teamwork, strict enforcement of company policies and procedures, and incentive compensation for all employees.

D) a deep commitment to pioneering new best practices, a preference for being a fast-follower as opposed to a first-mover or late-mover, and across-the-board bonuses for all personnel when the company meets or beats stretch objectives.

E) a deep commitment to top-notch quality and superior customer service, dedicated use of TQM and/or Six Sigma quality control programs, and the payment of big performance bonuses and stock options.

<u>QUESTION / VRAAG 2</u>: [35]

Answer strictly according to the numbering sequence / Beantwoord die vrae streng volgens die numeringsvolgorde-

Develop a consultancy report to the Case Corporations’ top management detailing your analysis and actionable recommendations regarding the following issues:

In this case study, you may <u>not update</u> the case study (for example, the effect of a recent merger). You need to analyze the case study purely based on ONLY the facts and content given! / In hierdie gevallestudie mag u nie die gevallestudie <u>opdateer nie</u> (byvoorbeeld, die uitwerking van 'n onlangse samesmelting). U moet die gevallestudie suiwer op grond van SLEGS die gegewe inhoudelike kontekstueel ontleed!

Case Organisation - <u>PEPSICO</u>

☞Read the PEPSICO Case in your textbook to answer the following

Case Study Questions –

Q2.1. (a)What is PepsiCo's corporate strategy? (b)Briefly identify the business strategies that PepsiCo is using in each of its segments (5)

Q2.2. Do an assessment of the long-term attractiveness of the industries represented in PepsiCo's business portfolio. Do it in table format according to the attractiveness variables that you identified. (5)

Q2.3. (a) Does PepsiCo's portfolio exhibit good strategic fit? (b) What value-chain match-ups do you see? (7)

Q2.4. Do the necessary ratio analysis to answer the following: (a) Does PepsiCo's portfolio exhibit good resource fit? (b) What are the cash flow and free cash flow characteristics of PepsiCo? (10)

Q2.5 On the basis of the context of the case study, what strategic actions would you recommend to the Board of Directors as consultant regarding the corporations' financial and market performance? (8)

TOTAL=[35]